

High-Octane Workforce Development as a Catalyst for Regional Economic Growth

The skill level and availability of the local labor market is typically a top-five factor in the decisions of companies to launch or expand in a given community. In many cases, workforce is the top consideration. Using an auto racing analogy, high-octane workforce development is the fuel that supercharges the economic development engine with a competitive edge to meet customer demand and stakeholder expectations.

The race for economic vitality is tight for Missouri with countless other national and global competitors on the track. Under-performing workforce fuel in the economic engine means Missouri is less competitive. Left unaddressed, bureaucratic structures inhibit Missouri's performance due to mismatched, duplicated, or under-utilized resources.

Workforce development (WF) and education (EDU) products can be effectively integrated as strategic, third-party product extensions of local economic development (ED) when centered on unique regional labor markets. This framework truly addresses local needs while meeting stakeholder outcomes at state and national levels.

What keeps us from getting ahead

Missouri is not unlike many states in the evolution of workforce-economic development systems. Fragmented strategies or outdated tactics fail to meet investor demands. If the portfolio of economic assets in a region is weak, existing firms may leave Missouri and prospective firms may look elsewhere for launch. If the customer and stakeholder expectations for WF, ED, and EDU systems are unmet, then customers will reduce their usage and stakeholders will reduce their involvement in volunteer leadership.

Elected officials have a stake in the leadership of WF, ED, and EDU systems as well. Discontent of elected officials (and their constituents) with the status quo may give politicians little choice but to lower the funding and raise the regulatory burden of under-performing systems. Observers can validate this threat simply by examining the current polarized political climate in Washington on how to deal with the nation's economic woes. Translated to the workforce system, it becomes more likely that states could succumb to political pressures to reduce the system to its lowest common denominator. Forced consolidations of regional boundaries and structures to reduce cost and nuisance would hinder the system's ability to respond to localized market demand.

Weaknesses and Threats

- **Fragmented strategies**
- **Loss of existing firms**
- **Lost opportunities for new jobs**
- **Unmet expectations**
- **Stakeholder discontent**
- **Reduced funding**
- **Increased regulatory burden**
- **Forced, unnatural consolidations**

Solutions and Strategies to Consider

- **Revitalized system structure and policy framework**
- **Value-added external integration of WF and ED**
- **Empower WF and ED to jointly broker EDU products**
- **Seamless internal WF system integration**
- **Cohesive and balanced regionalism**
- **Diversified resources**
- **Social & Political Capital**

Missouri does have a distinctive edge in workforce development. Excellence within the [state workforce system](#) and its network of local independent [Workforce Investment Boards \(WIBs\)](#) are together continually recognized nationally for innovation and quality. The [2010 Strategic Initiative for Economic Growth](#) presents Missouri with the opportunity to formally leverage these assets. The logic model that follows on page two illustrates the alignment of solutions and strategies to address the immediate symptoms and root causes of weaknesses and threats to the current workforce development component of economic development. This logic model analyzes the customer segment in the purple quadrants and the stakeholder segment in the pink quadrants.

Logic Model Analysis to Address Weaknesses and Threats

Immediate Symptoms/Issues	<ul style="list-style-type: none"> • Job losses in legacy sectors • Business closures or reductions • Displaced workers with limited options 	<ul style="list-style-type: none"> • Market positioning for ED expansions of WF and EDU products • Increase investor confidence in workforce supply • Reduce customer costs and increase end-user's value • Reduce customer frustration with product usage 	Solutions to Fill Gaps
	<ul style="list-style-type: none"> • Disconnect in current volunteer leadership • Reduced funding and increased regulatory burdens • Pressures to reduce workforce development to the lowest common denominator 	<ul style="list-style-type: none"> • Increase social/political capital among stakeholders and decision-makers • Increase awareness of concepts for high-performing, integrated workforce development • Demonstrate value of current and future initiatives 	
Root Causes of Issues	<ul style="list-style-type: none"> • Fragmented strategies that fail to meet investor expectations • Current firms leave Missouri • Prospective firms look elsewhere for expansions or first-time locations 	<ul style="list-style-type: none"> • External integration of WF and ED <ul style="list-style-type: none"> ◦ WF as a third-party product extension that adds value to ED ◦ WF technical assistance to validate labor market quality • Internal WF system integration to maximize performance and resources (Next Generation Career Centers) • Empower WF and ED to jointly broker EDU products <ul style="list-style-type: none"> ◦ Keeps necessary WF and EDU internal performance and funding structures without hindering customer value and service delivery 	Strategy Framework
	<ul style="list-style-type: none"> • Expectations not met for ED, WF, and/or EDU stakeholders • Discontent from elected officials weary of the status quo 	<ul style="list-style-type: none"> • Transformation of policies and structures via state Legislative and Executive branches • Resource Development approach that diversifies funding streams and increases overall investment • Cohesive and balanced regionalism <ul style="list-style-type: none"> ◦ Design for efficiency balanced with flexibility ◦ Truly aligned to local/regional labor and consumer markets ◦ Turf-neutral, non-exclusive collaboration that leverages, rather than limits assets 	

**Consideration #1:
Integration of Outreach
and Service Delivery**

The policy framework and system structure for high-octane workforce development is one that integrates externally the service delivery of WF and ED. Under the model ED would continue to lead the primary prospecting/marketing role as well as convene the local, regional, and state product teams as needed. The game-changer is the use of local WIBs and the storefronts of the Missouri Career Center as an extension

of local economic development. LWIBs can be excellent sources for technical assistance in the local labor market, yet independent enough of the ED sales process that customers can be assured that the LWIBs representation of the local workforce is neutral and valid.

The high-octane system is a very delicate blend that balances supply and demand of human capital, both in short-term and long-term paradigms. As such, WF, ED, or EDU cannot function isolated from one another in this framework. Universities, community colleges, and secondary technical schools are crucial in the high-octane framework. While the WF system often provides immediate recruitment and short-term training of the workforce, the higher-education system is the means for longer-term skill upgrades to position the workforce for future-projected needs to help balance the supply-demand paradigm.

One strategic adjustment in the high-octane framework is to fully empower ED to broker WF solutions and empower both ED and WF to broker EDU solutions. Missouri has several local examples of high-performing collaborations of ED, WF, and EDU that can be replicated locally in other areas of the Show-Me State. A primary benefit of this approach is that EDU does not have to market its products alone. EDU's internal structures necessary to maintain performance and compliance aspects of education system funding could continue as needed without hindering customer satisfaction, once additional ED and WF resources for outreach and service delivery are deployed. As such, EDU products can perform at a higher level thanks to a stronger focus on product quality and expansion.

A new statewide collaboration initiative is currently exploring the potential for shared product impact. The effort launched in July and includes representatives from the [Missouri Division of Workforce Development](#), local [WIBs](#), and [community colleges](#). The collaboration examined strengths and weaknesses along with intersecting roles of the partners. The network formed three workgroups for the impact categories of stackable certificates for skill upgrades, workforce intelligence, and business services coordination.

Addressing internal integration components for the WF system, state and local leaders launched the Next Generation Career Center (NGCC) framework in July 2010. NGCC moves the WF system toward seamless service delivery for numerous public and private partnerships serving both job seekers and business customers. Similar to the benefits listed above, NGCC meets the necessary performance and compliance structures for WF system funding, without blocking the path to satisfy customer needs.

**Consideration #2:
Cohesive and
Balanced Regional
Frameworks**

Some of the most ground-breaking work on regionalism became available in 2010 from the U.S. Council on Competitiveness. The Council published [Collaborate: Leading Regional Innovation Clusters](#) and asserted that the correct regional approach can take regions from a competitive disadvantage to a collaborative advantage. *Collaborate* suggested that less successful regions rarely lack sufficient assets, but rather lack the ability to think, plan, and act regionally. The authors acknowledged the

difficulty in constructing a regional ecosystem. Economic regions and political jurisdictions are not coterminous, according to *Collaborate*, and as a consequence, regions acting like regions is neither smooth or orderly.

By defining economic development as a process of portfolio management of many unique and diversified assets, observers can comprehend the necessity for efficient and consistent regional groupings. The challenge lies in creating the right blend of numerous regional agencies aligned with the correct grouping of counties in categories such as economic, workforce, education, environmental, and recreational interests.

Regions, which are fundamentally labor markets, generally do not have the power of the purse and lack both identities and cultural traditions, according to *Collaborate*. Fortunately, the Council included five case studies on regions that overcame these obstacles. Several of these examples shine a light of opportunity for further implementation in Missouri.

The high-octane framework would be built on cohesive regional frameworks balanced with the flexibility to be locally-responsive for self-defining issue categories that do not always fit in the theoretical box. The regional framework should include safe collaboration network that is turf-neutral as much as possible. The network would acknowledge political structures, but not restrict to exclusivity. The framework would avoid antiquated structures that limit assets and instead embrace a network that leverages assets and non-traditional partnerships.

**Consideration #3:
Diversified and
Value-Added
Resource Development**

Due to a variety of factors, ED, WF, and EDU all face dwindling resources in a climate of increased regulatory burden and increased expectations. Various ED, WF, and EDU systems in Missouri deployed commercial models for non-profit service delivery that helps alleviate the crunch, but much more work is needed to survive and thrive in the years ahead. As such, the high-octane framework suggests a resource development model that

diversifies the dependence on existing funding sources and helps to minimize the impact to customers of wildly-fluctuating funding from traditional agencies and grants. The flip side of the resource development paradigm of the high-octane model is the value-added pursuits of resources for ED, WF, and EDU.

The high-octane approach would expand products and services to fill gaps and add value for customers and stakeholders. Using commercial methods applicable to the non-profit model, this approach increase the confidence of stakeholders to gain a strong return on investment from the cash and in-kind resources injected into the high-octane model. As an important first step, each region must align its strategic planning and resource targets by first engaging effective asset mapping and gap analysis before the pursuits of resources. The framework should also integrate and leverage its strengths to prevent duplication, bureaucracy, and mismatched resources.

**Consideration #4:
Build Social and
Political Capital for
the High-Octane Model**

The transformational changes proposed in the high-octane model depend on successfully-building the social and political capital among investors, leaders, agency heads, and elected officials. The lack of awareness of the current benefits and opportunities of the ED, WF, and EDU systems are partly to blame for the discontent cited earlier in the logic model. Evangelizing new and existing leaders at local, regional, and state levels of the benefits of the high-octane model will be crucial to building the

culture of openness and willingness to try new techniques and invest the new resources necessary. In certain cases, policy or structure changes may be required from the executive or legislative branches of state government.

Performance metrics for the high-octane model will help inform stakeholders of the progress for this portion of [Missouri's Strategic Initiative for Economic Growth](#). Missouri has three of the [WIRED](#) region designations from the U.S. Department of Labor with emerging standards that could be implemented in a potential statewide high-octane measurement framework. Additionally, the model would be well-served to track qualitative measures of stakeholder satisfaction and attainment of resource diversification.

Resources for Further Review:

- [*Collaborate: Leading Regional Innovation Clusters*](#)
U.S. Council on Competitiveness
- [*Tale of Two Cities, Linking Workforce Development and Economic Development*](#); Seedco Policy Research Center
- [*Past Silos and Smokestacks*](#)
The Chicago Council on Global Affairs
- [*Workforce Intermediaries for the 21st Century*](#)
Temple University Press, ISBN 1592132049
- [In Southwest Missouri, Economic and Workforce Developers Achieve Results through Real Collaboration](#), Economic Development Now, March 2010, International Economic Development Council
- [O*NET Products at Work](#) (Page 3), U.S. Department of Labor, Fall 2009
- [The Critical and Emerging Role of WIBs: How Federal Policy Can Incite Workforce Innovation, Corporation for a Skilled Workforce](#), January 2010

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